

Soviet Economic Growth

During the more than quarter of a century that has passed since the consolidation of Stalin's power position in 1928, the Soviet Union has risen from the status of a relatively underdeveloped country to an unquestioned rank as the second largest economy in the world. This growth, even the more remarkable considering the destructive effects of World War II, has been achieved by the transfer of millions of workers from agriculture to urban occupations paralleled by a prodigious effort to educate them in modern skills and technology, and by devoting an usually large portion (about twice that of the United States) of total national product to investment. In this way, the USSR has obtained a very rapid expansion in industrial output. As a logical result, the welfare of the population has been treated as a minimum requirement in planning and as a residual in plan execution. Two examples make this clear:

First, while capital goods output was rising over tenfold, agricultural production failed to match even the growth of population, indicating a decline in living standards.

Second, plan goals for heavy industry are usually surpassed, while the correspondingly modest goals for consumer goods are chronically underfulfilled.

At the present time the total output (gross national product) of the USSR is over a third as large as that of the United States and about three-quarters again as large as that of the third largest economy, the United Kingdom. Around this three to one average there is a wide range of ratios, depending on the products or sectors compared. In general Soviet production of capital goods and basic materials forms a larger proportion of equivalent US output than is the case for consumer goods. For example, Soviet production of coal and of machine tools today is about equal to that of the United States. At the same time, USSR output of automobiles is less than one-twentieth of our own.

The recently announced Sixth Five Year Plan (1956-1960) continues the traditional Soviet policy of emphasizing expansion of heavy industrial output. Total Soviet industrial production in 1960 will be nearly two-fifths as great as that of the United States. By contrast, Soviet industry was only one-fifth as large as that of the US in 1950. To maintain a rapid rate of growth, the USSR must stress labor productivity and investment even more heavily than in the past. The two-thirds increase in investment and the preoccupation with technology indicated in the new Plan underscore the vital role Soviet officialdom has accorded to investment as the chief factor in continued rapid growth.

Although Soviet industry and the economy as a whole may experience a somewhat slower rate of growth in the next five years than in the immediate past, expansion both in total output and in its industrial component will substantially exceed the rates forecast for the United States.

The developments in the USSR over the next five years will significantly strengthen the Soviet's war-supporting potential. It is expected that the output of electronics, an essential item in the mass production of high performance military equipment (including guided missiles), will be tripled or quadrupled. Also in the field of special heat-resistant alloys, where the Soviets have done so much fundamental research, the new five year plan calls for a sixfold increase in production.

We see no evidence of any weakening in the Soviet leaders' determination to implement the master plan under which their economy is operating. This month they reaffirmed that the USSR's main economic task is to surpass the United States in per capita production, which projects present policy well beyond 1960. Those Soviet leaders who believed that now, when the achievement of Stalin's postwar goals are in sight, the policy should be changed to make the lot of the shabby Soviet consumer a little easier, have been roundly denounced. A recent issue of

Communist, the official ideological journal called such talk
"right wing revisionist babblings."

1955

U.S.

Commodity	<u>Capital Goods</u>		US as multiple of USSR
	US	USSR	
Hard Coal (million metric tons)	413	390	1.1
Crude Oil (million metric tons)	335	71	4.7
Electric Power (million Kw)	623	170	3.7
Steel (million metric tons)	106	45	2.4
Primary Aluminum (million metric tons)	1.4	0.3	2.8
Synthetic Rubber (million metric tons)	0.8	0.26	3.1
Cement (million metric tons)	51	22	2.3
Mineral Fertilizers (million metric tons)	25	9.5	2.6
<u>Consumer Goods</u>			
Cotton fabrics (billion linear meters)	9.1	5.9	1.5
Automobiles and trucks (million units)	9.4	0.45	20.1
Washing Machines (million units)	4.2	0.87	4.8
Radio and TV Sets (million units)	22.8	4.0	5.7
Meat (million metric tons)	12.2	2.2	5.5